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MEXICO ECONOMIC POLICY PROGRAM

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Mexico City Airport taxi driver (top left); Panel presentation during the conference *Let's Talk About Corruption* (top center); Miguel Ángel Mancera, Mexico City's mayor, during the Cleantech Labs opening (top right); IMSS application to diagnose diabetes patients (middle left); Students in Creatón in Puebla (middle center); ProMexico textile platform potential providers (middle right); COFECE animated video on transparency and competition (bottom left); ProMexico textile platform front-end (bottom center); *Atrévete a Emprender* winners announcement (bottom right).

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OVERVIEW OF BASE PERIOD PROGRAM

The mission of USAID's Mexico Economic Policy Program (MEPP), which began in May 2013, is to improve Mexican private sector productivity and competitiveness by supporting the country's efforts to strengthen public sector economic governance. MEPP does this through *policy change* (laws, regulations, program rules and design, and transparency) and *organizational capacity-building* (promoting best practices in operating procedures, information access, and human capital development).

MEPP supports six over-arching policy outcomes, described below. Though economic outcomes depend on numerous exogenous factors that foreign technical assistance cannot change, key Mexican institutions have a major impact on those outcomes, and can themselves be strengthened by technical assistance. MEPP promotes substantive reforms and improved practices within governmental institutions and organizations that most directly affect these economic outcomes:



Outcome 1: Government funds promote private sector development and productivity. MEPP supports reform of rules and regulations that govern public sector spending programs, especially those that promote business start-up, growth and innovation, to improve transparency and effectiveness of government investments.



Outcome 2: Businesses face fewer obstacles to growth. MEPP produces specific proposals that make regulations affecting business start-up and operation more transparent and less costly. These proposals focus on governance change at the national, state, and municipal level.



Outcome 3: Competition is improved. MEPP supports public sector actions that level the playing field in a given market. This work strengthens regulations and institutional capacity to improve accountability of corporations that engage in rent-seeking behavior, and to reduce barriers to entry for new competitors, especially in markets in which collusion is common.



Outcome 4: SMEs have greater access to private capital. MEPP produces proposals to modify rules and regulations of key financial sector institutions to improve the incentives and ability of small and medium-sized enterprises to attract private investment.



Outcome 5: Business transactions are more efficient and reliable. MEPP proposals seek to modify regulations and judicial processes that impose costs on businesses pursuing larger economic transactions, as well as those trying to resolve claims and disputes with other firms or organizations. Reforms will increase the transparency and reliability of government institutions, while reducing the time and expenditure of business transactions.



Outcome 6: (Cross-cutting): Citizens have greater access to public information. MEPP works with the Office of the Presidency and other government and civil society stakeholders to develop and launch mobile applications that increase the quality and volume of governmental information available to individuals, NGOs and the private sector. These apps support the federal government's commitment to improve public sector transparency and transactions between government agencies and citizens.

LIST OF ABBREVIATIONS

AMSDE	Mexican Association of State Government Development Secretaries
BANXICO	Mexican Central Bank
BMV	Bolsa Mexicana de Valores (Mexican Stock Market)
CFE	Federal Electricity Commission
CIDAC	Center of Research for Development
CIDE	Center for Research and Teaching in Economics
COFECE	Federal Economic Competition Commission
COFEMER	Federal Commission for Regulatory Improvement
CNA	National Water Commission
CNBV	National Securities and Banking Commission
CONACYT	National Science and Technology Council
CONAFOR	National Forestry Commission of Mexico
COP	Chief of Party
COR	Contracting Office Representative
CRE	Energy Regulatory Commission
EPU	Economic Productivity Unit (Ministry of Finance)
FAA	Foreign Assistance Act (United States)
FLACSO	Latin American School of Social Sciences
FONDESO	Social Development Fund (of Mexico City)
FY	Fiscal Year
GDF	Gobierno del Distrito Federal (Mexico City Government)
GDP	Gross Domestic Product
GoM	Government of Mexico
IDB	Inter-American Development Bank
IFECOM	Federal Institute of Bankruptcy Specialists
IFT	Federal Telecommunications Institute
IJF	Institute of the Federal Judiciary
IMCO	Mexican Institute for Competitiveness
IMPI	Mexican Institute for Industrial Property
IMSS	Mexican Social Security Institute
INADEM	National Entrepreneurship Institute
INEGI	National Institute of Statistics and Geography
ITAM	National Autonomous Technological Institute
MFI	Microfinance Institution
NAFIN	Nacional Financiera (Mexican National Development Bank)
NGO	Non-Governmental Organization
NOM	Official Mexican Standard
PEI	Innovation Stimulus Program (under CONACYT)
PMP	Performance Monitoring Plan
PROFECO	Federal Attorney's Office of Consumer
PROMEXICO	Investment and Export Promotion Agency
RUG	Registro Unico de Garantias Mobiliarias (Non-real estate guarantee registry)
SAGARPA	Ministry of Agriculture, Cattle, Rural Development and Fisheries
SBA	Small Business Administration (United States)
SCT	Ministry of Communications and Transportation
SE	Ministry of Economy
SEDATU	Ministry of Agrarian, Territorial and Urban Development
SEDECO	Mexico City Secretariat of Economic Development
SEDESOL	Ministry of Social Development
SEMARNAT	Ministry of Environment and Natural Resources
SENER	Ministry of Energy
SFP	Ministry of Public Administration
SHCP	Ministry of Finance
SME	Small and Medium Enterprise

USAID Mexico Economic Policy Program (MEPP), FY 2016 and Q4 Report

SRE	Ministry of Foreign Affairs
UAM	Metropolitan Autonomous University
UNAM	National Autonomous University of Mexico
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
WB	World Bank
WEF	World Economic Forum

BASE PERIOD CLOSEOUT SUMMARY AND ACHIEVEMENTS

Summary: From October 2015 through September 2016 (FY 2016), the Mexico Economic Policy Program (MEPP) completed all activities included in its Base Period and launched its Option Period to focus on governance changes that improve public sector transparency and reduce governmental corruption. MEPP closed out a three-year work plan and transitioned quickly to creating and implementing a new one.

Programmatic highlights

MEPP's three-year base period, which focused on five economic policy areas, ended on April 19, 2016, as did all work included in the final version of the base period work plan. Accordingly, over six and a half months of FY 16—over half the year—was spent finalizing and closing out these activities. Base Period highlights of in FY 2016 include:

- **Atrévete a Emprender** (Dare to Start Up): Mexico City's business development program encourages students (who may collaborate with professors) from public universities to become entrepreneurs. MEPP helped launch the program's design and implementation, which was formally adopted by Mexico City's Social Development Fund (FONDESOC) in December 2015.
- **Value chains:** MEPP technical assistance to the Ministry of Finance (SHCP) helped create and refine a productivity assessment tool to for federal spending programs. MEPP also improved the productivity of the Mexican fashion industry by supporting ProMexico's creation of a B2B digital platform.
- **Empresa al instante:** MEPP accelerated the process of starting a business by creating a pre-license mechanism that allows low-risk companies to start operating in one day. The amendment, *Sociedades por Acciones Simplificadas*, was formally approved by the federal government on February 2016.
- **PPPs:** MEPP supported creation of a first-of-its-kind municipal program to promote innovative public-private partnerships (PPPs). The Program helped FONDESOC establish the legal framework to create a formal collaboration with a private company. It also produced a formal methodology to compare and evaluate PPP proposals, and which was used by the State of Jalisco to select a medical testing initiative.

Before the Base Period ended, MEPP met and significantly exceeded each of its main performance indicators. (The indicators are referred to as LP – Legacy Program indicators for economic growth, which USAID is phasing out in Mexico). **Annex A** contains a list of achievements towards indicator targets as defined under our Performance Management Plan for MEPP's Base Period. In summary:

- LPI target was 14 “policies, laws regulations and rules endorsed by GOM.” By April 10, 2016, MEPP achieved 20, exceeding our LPI goal by over 40%.
- LP2 target was eight “mechanisms to strengthen institutional capacity implemented.” By April 10, 2016, MEPP achieved 13, exceeding our goal by over 60%.
- LP3 target was 2,400 people trained (800 women and 1,600 men). By April 10, 2016, MEPP trained 3,530 people, exceeding our goal by 45%.

In terms of achievement and impact, the LPI indicator merits special consideration. As described in USAID performance management guidance, LPI is measured as the “Number of new or modified laws, regulations, programs, rules of operation, or open data mechanisms affecting Mexico's economic competitiveness *endorsed* by Mexico government agency” (emphasis added). The target of 14 could therefore be met through documented endorsement (not adoption) of 14 proposals by a government counterpart.

During the Base Period, MEPP achieved 20 endorsements of LPI outputs, significantly exceeding our numerical target. However, more importantly, of those 20 endorsements, MEPP technical assistance led directly to the formal *adoption* of 14 proposals, which we describe in **Annex B**. Adoption and implementation of proposals are the most direct evidence of USAID's impact on economic governance. This number, in addition to LP2, most effectively conveys MEPP's overall impact during the Base Period.

The following sections detail Base Period closeout activities and achievements.



GOVERNMENT FUNDS PROMOTE PRIVATE SECTOR DEVELOPMENT AND PRODUCTIVITY

Supporting state programs for SMEs

Atrévete a Emprender

MEPP supported Mexico City's Social Development Fund (FONDESOC) to implement *Atrévete a Emprender* (Dare to Start Up), a program that encourages young people from four public universities in Mexico City to develop business proposals with high-growth potential. Since its launching, the program has drawn 400 proposals from 1,100 applicants.

On October 8, 2015, MEPP invited 12 of *Atrévete*'s most promising teams to the *Semana del Emprendedor* DF Tech Tour—organized by the Mexico Entrepreneurship Institute (INADEM) and the private investment firm Angel Ventures—to meet with experienced entrepreneurs and U.S. investors. From October 12-15, the remaining 25 *Atrévete* teams had personalized sessions with mentors from the Arrowhead Center of New Mexico State University on validating proposals using the Business Canvas Model, a global standard template to describe, design, challenge and pivot a business model. In November, semi-finalists presented data to help determine potential market viability of proposals and received feedback and additional guidance from Arrowhead to refine business models.

On December 11, the 10 *Atrévete* finalist teams were announced at a major public event organized by the Mexico City government and MEPP. Winning projects included: Nimble Innovation, which extracts active ingredients from the neem tree to produce a natural pesticide and a tea that reduces insulin dependence of diabetes patients; EmotionBox, which takes flower arrangements to the next level with surprises such as live butterflies; and Merca WiFi, which gives free internet to on-the-go customers in exchange for viewing commercials or participating in surveys.

From March 15-17, 2016, two SME incubation experts from MEPP partner Arrowhead Center provided in-depth capacity-building in the “lean launch” methodology for eight project evaluators from the National Polytechnic Institute (IPN). A second round of training took place the week of April 11 for 22 more evaluators from the National Autonomous Mexican University (UNAM) and the Autonomous Metropolitan University (UAM).

In addition to training a new generation of evaluators, MEPP organized a field visit for *Atrévete* finalists to visit the Arrowhead Center in Las Cruces, New Mexico during the week of April 4-8, 2016. The 25 individuals who represent the 10 finalist start-up teams received training in generating customer data. The field visit ended with each team presenting directly to potential investors and mentors.

Finally, and most importantly for the sustainability of this initiative, the *Atrévete* program took major strides towards institutionalization at FONDESOC. In January 2016, FONDESOC approved 5.7 million Mexican pesos for the operation of the program. In March, FONDESOC began the process to obtain federal resources for continuing *Atrévete* through INADEM's Entrepreneurship Fund. The second *Atrévete* cycle was formally launched in September 2016, well after MEPP assistance ended, and is managed and operated through Mexico City's own financial resources.

Promoting productivity through public sector programs

Value Chains

I. Aligning Federal Spending Programs with Productivity

The Ministry of Finance's Economic Productivity Unit (UPE) took a major step toward institutionalizing a diagnostic tool, developed through MEPP technical assistance, to align federal spending programs with national productivity priorities. At an October 20, 2015 workshop for managers from 88 federal spending programs, UPE and MEPP presented the national Democratization of Productivity Program (PDP) and explained how the self-assessment instrument can improve design of subsidy mechanisms.

Key participants at the workshop included representatives of the Ministries of Economy, Education, Agriculture, Communications and Transportation, Social Development and Energy, as well as the National Commission on Science and Technology. The 88 programs included represent almost 14 percent of projected programmable expenditure for 2016—or nearly US\$50 billion. Given that the first cycle of institutional participants included 36 organizations, the size and scope of the new group of program managers demonstrates that the finance ministry is making major progress in institutionalizing a mechanism developed by MEPP to make budget allocations more effective.

UPE chief José Ernesto López said targeted federal programs must use results from the PDP evaluation to modify their design and rules of operation to align them with Mexico's productivity goals. Such guidance from Mexico's most powerful economic ministry—the one with the most influence over budgeting decisions during a time of painful cutbacks—should have a transformative impact on governance. Reflecting on USAID's contribution, López said, *“A fundamental component in Mexico's economic growth agenda is the strengthening of the institutional capacity of public sector programs to contribute to higher and more inclusive productivity growth. In this regard, thanks to USAID's assistance, we have been able to have an impact on the effectiveness of government programs, achieving better targeting of resources and improved inter-institutional coordination.”*

II. Textile Platform

On February 24, 2016, officials from ProMexico, the country's main export promotion agency, and programmers from MEPP subcontractor *Gobierno Fácil* presented a fully functional electronic platform to USAID. The platform, mexicobusinessfashion.promexico.gob.mx, promotes domestic suppliers in the fashion industry value chain and helps Mexico's main export promotion agency link specialty fashion and jewelry sellers with domestic and foreign buyers. By the end of February, ProMexico had registered 43 buyers (international manufacturers) on the platform, and 311 local suppliers. ProMexico has used the platform to publicize four business promotion events, which have led to over 1,000 registered B2B meetings—typically the first step in making production contracts. Diana Foullon, ProMexico's Design Industry Director, told USAID that ProMexico is exploring plans to replicate the tool for other Mexican sectors, including energy. She added, *“The site allows us to do our job faster. What used to take us three weeks today we can do in a few hours.”*

III. Energy Sector Trust Fund

On November 23, 2015, MEPP participated in a discussion on general operating strategy with the Technical Committee for the Energy Suppliers Development Fund. Many of MEPP's recommendations were included in a proposal for operation, including distinguishing three types of support: strategic projects, industry certifications, and territorial projects. The meeting was led by the Undersecretary for Industry and Trade, Rodolfo Garza, and attended by representatives from the Ministry of Finance, NAFIN (National Development Bank), INADEM and Ministry of Energy.

PPPs for innovation

I. Azcapotzalco Cleantech PPP

In March 2016, MEPP completed its technical assistance to help FONDESOC design and launch Cleantech Labs CDMX, a first-of-its-kind Public Private Partnership (PPP) that promotes commercially viable innovations in clean energy and natural resource management. The center will support entrepreneurs to prototype and develop profitable clean technologies, offering resources such as testing equipment, mentoring, administrative and legal counseling, and access to capital. FONDESOC selected GreenMomentum to manage and operate Cleantech Labs CDMX. They are being housed in a warehouse donated by the city and renovated with national and local government financial support plus in-kind resources from Green Momentum. MEPP's extensive technical assistance led to the PPP agreement that was publicly unveiled on March 1 at an event attended by 400 people from government, business and academic institutions. Hosted by Mexico City Mayor Miguel Mancera inside the future home of Cleantech Labs CDMX in Azcapotzalco, the launch event included Mexico City Secretary of Economic Development Salomon Chertorivski, who thanked USAID for its support, as well as National Entrepreneurship Institute President Enrique Jacob, and Minister of Economy Ildefonso Guajardo. During the ceremony, US Embassy Acting Deputy Chief of Mission Donald Jacobson congratulated Mexico City on its pioneering achievement.

II. Jalisco PPPs

In 2015, MEPP supported Jalisco's Ministry of Science and Technology (SICyT) to develop a public-private partnership (PPP) that promotes innovation in companies based in the state. This support included the development of a detailed evaluation methodology for selecting proposals based on financial, technical, commercial and legal viability. MEPP worked with SICyT to apply the methodology to select an "executive project" that would receive state government financing. The first winning proposal is the Center for Clinical Research and Translational Medicine (CIMET), which in 2017 is expected to carry out clinical testing of pharmaceuticals in collaboration with the Guadalajara Public Hospital.

On February 25, 2016, MEPP and USAID attended a presentation in Guadalajara of the evaluation methodology. Jalisco officials recognized the importance of the methodology to use hard data and objectivity in selecting PPP projects that would receive government support. *"We are not representing the traditional sector here,"* the Secretary of Innovation said. *"This is about new opportunities ... In every change, there is inevitable risk, and we are ready to take it."* After the speakers finished, Ethos (MEPP's implementing partner) held a two-hour workshop on innovative PPPs for 23 people from Jalisco's government, other state governments, and the private sector on legal and regulatory requirements for creating PPPs that promote innovation and competitiveness.

Local economic reactivation

Monterrey Cluster

In March 2016 MEPP grantee Tec de Monterrey completed the final deliverable for its economic reactivation project: A report on successful public policies that enable districts to promote innovation and attract investment for sustainable urban regeneration. Best practices identified included: local governance for urban regeneration (Paris and Mexico City), tax increment financing (Chicago), immigration policies to attract talent (Canada), and innovation programs with university participation (Harvard, MIT, Cornell). The report also identified several federal programs that Distrito Tec – the area adjacent to the university -- could leverage to complement economic renovation policies. The Secretary of Economic Development of the municipality of Monterrey reviewed and endorsed the economic reactivation proposal in April 2016, prior to the end of MEPP's Base Period.



BUSINESSES FACE FEWER OBSTACLES TO GROWTH

Streamlining business procedures

Empresa al Instante

On October 27, 2015, MEPP staff met with Elsa Ayala, General Director of Commercial Regulation from the Ministry of Economy, to determine next steps in the “*Empresa al Instante*” (rapid business start-up) project. The initiative seeks to consolidate federal, state and municipal procedures into a single platform for opening a business. Since MEPP technical assistance ended, the ministry worked with Congress to create a new legal business mechanism called *Sociedad por Acciones Simplificada* (Simplified Enterprise), which would benefit from faster, easier, streamlined start-up rules. Under the new regulatory framework, these start-ups, which represent the vast majority of all small and micro enterprises in Mexico, will be simultaneously registered at federal, state and municipal levels. On February 9, 2016, Mexico’s Congress approved reforms to the General Law of Commercial Businesses to formally create the legal entity of the Simplified Enterprise. While diverse actors were involved in the creation and adoption of the reforms, MEPP assistance to define procedures under the rapid business start-up project contributed significantly to the creation and legislative adoption of Simplified Enterprise.

Local Regulations to Entrepreneurship

Opaque rules in business regulation lead to unintentional non-compliance and create opportunities for public officials to impose (or threaten) sanctions in a discretionary manner. As a result, microenterprises can spend up to 10 percent of their income on bribes. The innovative [*MiNegocio*](#) digital platform, developed with MEPP assistance, enables local governments to put online information about business rights and responsibilities. Business owners (actual or aspiring) are able to consult procedures and requirements needed to operate, open and close a business, in addition to inspection criteria and a list of authorized inspectors. At an October 21, 2015 press conference, USAID Director of Transparency and Integrity Elizabeth Ramirez presented the website, accompanied by Mexican Competitiveness Institute Director Juan Pardinas and Mexican Chamber of Commerce President Enrique Solana Sentiés. Speakers recognized presidents from the six municipalities that participated in the *Mi Negocio* pilot.

Morelos Property Rights

Irregular settlements are common throughout Mexico, especially among socially marginalized property owners who lack access to formal documentation and typically lack upfront cash required to register property through a public notary. On February 26, 2016, the COR and MEPP organized a meeting with the State Government of Morelos to present a proposal developed with USAID technical assistance to regularize property titles. Formal land titling would provide significant economic benefits to low-income families, such as access to credit and public services, as well as the possibility to sell. The proposal addressed different scenarios (e.g., varying income levels) and corresponding policies to encourage and assist property owners in the regularization process.

Reducing obstacles to high impact entrepreneurship

Obstacles to High Impact SMEs

On November 11, 2015, MEPP met with Adriana Tortajada, General Director for Entrepreneurial Programs from the INADEM to present its findings on high-impact enterprises. The study, based on a business survey carried out by MEPP earlier in the year, proposes a refined definition and methodology to identify high-impact enterprises. Main findings showed these enterprises have more robust practices and processes regarding use of technology, talent, financing, social responsibility, networking and strategy. MEPP gave detailed recommendations to INADEM to modify selection criteria for a fund focused on high-impact enterprises. As a result of MEPP assistance, the rules of operation for the call for proposals (*convocatoria*) for high-impact enterprises were modified for the 2016 funding cycle, helping INADEM to select beneficiaries and channel resources with greater effectiveness.



COMPETITION IS IMPROVED

Procurement best practices

Public Works Toolkit

On November 27, 2015, 10 local government officials used MEPP support to attend the International Forum on Innovation in Metropolitan Governance, held in Guadalajara, Jalisco. The conference was organized by the State of Jalisco, the Ministry of Agrarian, Territorial and Urban Development (SEDATU) and UN Habitat Mexico, and was inaugurated by their respective heads, Governor Artistóteles Sandoval, Secretary Rocio Robles, and Erik Vittrup. Over 700 people registered for the event, which covered infrastructure planning methodologies, mobility and promotion of social equity in urban design. MEPP sponsored a workshop on open data for governmental impact, delivered by the software development NGO Codeando México, a MEPP team partner. The workshop provided capacity building and practical guidance for local government officials to make public sector data more widely available to the general public.

Transparency and efficiency in CDMX Airport

On November 5-6, 2015, more than 140 people attended the conference, “Getting it Right at Mexico City’s New Airport,” which brought together over a dozen international experts and numerous Mexican experts to identify challenges in slot allocation and other competitiveness issues facing the new Mexico City airport. Organized by the Alliance for Competition and the Citizen Observatory for the New Airport, two MEPP-supported initiatives, in collaboration with Anahuac University, the event was part of USAID’s broader effort to build civic awareness and oversight of the new airport. On December 9, the Observatory organized a press conference in which CTS Embarq, the Mexican Competitiveness Institute (IMCO) and Ciudad Humana Mexico identified serious information gaps in local transport to and from the new airport. Adriana Lobo, director of CTS Embarq, said government had not published anything on highway planning, parking, or public transportation, despite forecasts that passenger and employee traffic is expected to increase significantly. The Citizen Observatory continued to meet with members of the official airport planning group and responded to requests for information during 2016. The scope of the Observatory was widened to include other high profile public works projects, such as the Mexico City-Toluca high speed train, for MEPP Option Period, which will run through April 2018.

Strengthening regulatory capacity

Competition Alliance

This fiscal year, the Alliance for Competition, an initiative co-sponsored by MEPP and the embassy of the United Kingdom, supported three capacity-building roundtables:

- November 16, 2015: Over 60 regulators received training in radio spectrum management at the Federal Institute for Telecommunications. Dr. Martin Cave, a leading expert on competition challenges confronting networked industries, delivered the half-day seminar, which covered the design of a regulatory framework and the implications of spectrum allocation options amid increased demand from smartphone use.
- November 30, 2015: The Alliance for Competition organized an expert seminar focused on legal, technical and administrative challenges involved in disclosing or protecting information used in ongoing competition cases. Speakers included IMCO director Juan Pardini, who provided a civil society perspective, while the public sector was represented by COFECE Strategic Planning Chief Alejandro Faya, Federal Telecommunications Institute Investigation Chief Ricardo Salgado, and Competition Tribunal Judge Jean-Claude Tron Petit. Roundtable participants acknowledged there was no “magic formula” for determining when case-sensitive information should be kept confidential, and affirmed that regulators are responsible for analyzing claims and making classification decisions on a case-by-case basis. At events such as

this, USAID is helping to push the boundaries of public dialogue and build common understanding of proper enforcement among civil society and government stakeholders.

- February 10, 2016: A conference on “Procedural Law and Judicial Review Standards in Energy Markets,” hosted by the Alliance was attended by 40 CRE regulators, the Federal Economic Competition Commission and the Federal Telecommunications Institute. Gaucho Rasmussen, Enforcement Director at the U.K. Competition and Markets Authority, shared a panel with Jean-Claude Tron Petit and Alejandra Campuzano, judges who chair Mexico’s two judicial tribunals that specialize in competition cases. The discussion highlighted the importance of legal protocols, because improper investigation processes or handling of evidence can lead to the dismissal of regulators’ findings regardless of the analytical strength of the case. Rasmussen commended the Alliance’s role in creating a forum for dialogue and learning, concluding: *“While we all love competition, there shouldn’t be much competition between regulatory institutions. It’s better to keep our plurality and for us to work together.”*



GREATER SME ACCESS TO PRIVATE CAPITAL

Innovative financing mechanisms for SMEs

CDMX Seed Capital Fund

MEPP technical assistance was essential for the creation of a seed capital fund to promote innovative businesses in Mexico City. On December 1, 2015, Mexico City’s Social Development Fund (FONDESOC) presented terms and conditions for becoming part of a new seed capital fund jointly operated by the National Development Bank (NAFIN) and the Ministry of Economy (SE). FONDESOC based its participation on a private placement memorandum (PPM) produced with MEPP technical assistance earlier in 2015.

The Mexico City Government committed about 48 million pesos (USD \$2.8 million) to the new fund in order to promote innovative entrepreneurship focused on specific needs and priorities of the Mexico City government, such as clean energy and efficient transportation. While the initial amount is modest relative to the size of Mexico City, the initiative represents an important advance for local government promotion of business innovation. Prior to creation of the seed capital fund, the city promoted micro-businesses primarily through micro-loans, using criteria focused more on administrative compliance than economic development. Under the proposed fund-sharing approach with NAFIN, private sector experts will select a small number of potentially high-impact enterprises to support through equity participation. While these innovative firms can come from anywhere in the city, much of the project pipeline will likely come from contenders that participate in *Atrévete a Emprender* and Cleantech Labs, two initiatives supported by MEPP.

On February 25, 2016, FONDESOC, NAFIN and the Ministry of Economy signed an agreement to incorporate the city’s economic development priorities into the seed capital fund established by the latter two federal organizations. FONDESOC’s contribution will allow Mexico City to use the fund to promote innovative small businesses selected through criteria developed with MEPP technical assistance.

Expat Investment Fund

On March 7, 2016, MEPP consultant Francisco Gonzalez presented to ProMexico the main findings and recommendations from MEPP’s work to develop an expatriate investment fund. The presentation explained how to structure a financial mechanism to attract savings from Mexicans and Mexican-Americans living or working in the U.S. to invest those resources in productive projects in Mexico. The presentation included an overview of remittance flows, socio-demographic characteristics of migrants who could contribute to the investment fund, and the main Mexican immigrant organizations in the U.S. who could promote the fund. It also described funding mechanism options, including diaspora direct investment, social impact bonds and SME investment funds.



CITIZENS HAVE GREATER ACCESS TO PUBLIC INFORMATION AND PARTICIPATE IN PUBLIC POLICY DESIGN

Open Data Ecosystem

Open Government

Let's talk about corruption

According to *Transparencia Mexicana*, the country's poorest people spend up to a quarter of their income on bribes to gain access to basic social services and avoid government sanctions. More broadly, corruption erodes household welfare at all income levels and undermines private sector competitiveness. On October 12, 2015, MEPP co-sponsored a major international conference called *Hablemos de Corrupción* (Let's Talk About Corruption), an unprecedented public forum dedicated to a frank appraisal of one of Mexico's most enduring governance challenges, as well as policy proposals for reform. Co-organizers included USAID, the U.K. Embassy, the World Bank, the Inter-American Development Bank, *Transparencia Mexicana*, and MEPP implementing partner the Mexico Competitiveness Institute (IMCO). The conference addressed the social and economic costs of corruption, why the corporate community believes legality is good for business, and the role of civil society in combatting corruption. Over 500 people, including over 70 members of the media, attended.

Hackathons

On October 16-18, 2015, over 300 students came from all over the state of Veracruz and camped at the city's Interactive Museum to develop innovative solutions to government challenges defined through a participatory civic engagement process. The Hackathon, co-sponsored by MEPP, was inaugurated by the state's Minister of Education, and the awards ceremony was hosted by the state Governor. Panels included civic innovation, entrepreneurship for digital economies, and citizen labs for public experimentation. In workshops, students learned how to access open data and use it to improve transparency in the public sector.

A week later, MEPP supported another innovative approach to catalyzing citizen participation in open data. Most *Poblanos* (residents of Puebla) have never heard of the State Auditor and have no idea that it exists to ensure public accountability. On October 23-24, 2015, 130 students of economics, marketing, international relations, political sciences, communications, graphic design and engineering registered to participate in a two-day event at Puebla's largest public university (BUAP), dedicated to transforming public sector data into accessible tools, graphics and information that are relevant and accessible to everyday citizens. The *Creatón Puebla* included capacity-building for local NGOs and students in open data and civic engagement. Participants had 30 hours to develop their projects, during which they could consult with a variety of experts through small workshops during the event. In November, BUAP announced it would finance three projects proposed at the event: a video commercial, an infographic, and a mobile application—all publicizing and demonstrating the benefits of transparent government.

Retos Públicos

Retos Públicos is a digital platform that promotes civic innovation to address federal government challenges by inviting small developers to participate in IT procurement. During 2014-15, MEPP provided technical assistance to the Office of the President to create and implement the innovative initiative. By the end of 2015, MEPP's assistance had achieved results in the form of approved contracts to provide information and technology services. In November, 2015 Krieger Electronics signed a contract with Ministry of Public Administration (SFP) to deliver the first version of a mobile application for the government web site www.gob.mx, which provides basic information about federal government procedures, forms and applications. In December, *Retos Públicos* announced the five finalists for the challenge CHKTENLINEA, an application to help detect and monitor chronic degenerative diseases in members of the Mexican Social Security Institute (IMSS), and to help patients and their doctors follow

up with treatment options. In addition, in December, the Ministry of Education (SEP) launched a challenge for an application that enables students who have studied abroad to convert foreign coursework into academic credits formally recognized by SEP.

Applications

As of the end of the MEPP Base Year Period support, the program developed and launched six functioning applications. Two of these stemmed from our support of the *Retos Públicos* program (see above): *Héroes Saludables*, a game app to help children select healthy food choices and activities (<https://itunes.apple.com/mx/app/heroes-saludables/id1068023880?mt=8>), and ExperTIC, an inter-governmental platform that links federal agency employees to IT training platforms; its first training session was held on November 20, 2015. MEPP also supported the creation of an application that organizes and updates formal national technical product standards (NOMs) that private manufacturers must comply with (<http://noms.imco.org.mx/#/>). Finally MEPP's technical assistance led directly to the development of three more application tools: ProMexico's textile value chain platform (<http://mexicobusinessfashion.promexico.gob.mx/>), the regulatory transparency tool MiNegocio (<https://minegociomexico.mx>), and FONDESO's application directing funding applicants to other national and local government SME support programs (<http://emprendecdmx.gob.mx/>). In addition to these six, four *Retos Públicos* finalists signed six contracts to develop applications for the federal government.

OPTION PERIOD START: WORK PLAN DEVELOPMENT AND INITIATION OF TECHNICAL ASSISTANCE

May– September 2016

Several months before the close of the base period, USAID notified MEPP that it had activated the program's two-year Option Period, April 20, 2016 through April 19, 2018. USAID gave MEPP a preliminary scope of work that focuses exclusively on two related aspects of economic policy: transparency of public sector information, and reforms to fight public sector corruption. USAID directed MEPP to develop an Option Period work plan consisting of new activities and new government counterparts to address transparency and corruption challenges to Mexico's economic governance. This section describes technical, consultative and administrative activities that MEPP carried out following the launch of the Option Period.

- 1. Development of Option Period Work Plan: March–June 2016.** In March 2016, MEPP began an extensive series of consultations with federal and local public sector organizations. The purpose was to design high-impact activities, define concrete deliverables, and identify expected outcomes that are priorities for Mexico's government. The three-month consultation process involved: Ministry of Finance (SHCP), Ministry of Public Administration (SHCP), Federal Economic Competition Commission (COFEC), National Entrepreneurship Commission (INADEM), *Petroleos Mexicanos* (PEMEX), Federal Audit Office (ASF), Office of the Presidency (Presidencia) and the Mexico City government (CDMX). MEPP submitted a draft Option Period work plan to USAID in May 2016 and the final draft on June 2, 2016. USAID approved the plan on June 15, 2016.
- 2. Technical assistance implemented directly by MEPP staff: June–September 2016.** The major activity MEPP launched immediately after approval of the Work Plan was development and creation of an electronic platform for small businesses to report corruption. The portal will be operated and managed by INADEM, with continued technical assistance from MEPP. During the final quarter of FY 2016, MEPP acquired a dedicated computer programmer to create software for the new system. MEPP staff also managed an intensive program to design, test and validate the platform based on feedback from probably users and public sector officials.
- 3. Definition of technical assistance programs with detailed scopes of work: June – September 2016.** Our efforts resulted in (a) development of an 18-month SOW with consortium partner Mexican Competitiveness Institute, including creating a civic observatory to monitor major public works projects and re-designing Compranet, the federal government's main procurement portal; (b) development of five separate SOWs that will help Pemex revise its internal code of conduct to improve detection, prevention and sanctioning of corruption, ensure the operational and legal viability of the new code, identify and institutionalize best practices for procurement, and educate Pemex managers about the corporate reforms, (c) development of internal SOWs with Presidencia and CDMX to operationalize a transparency benchmark and electronic platform related to open contracting.
- 4. Competitive selection process for grantees.** MEPP's grant program published a call for proposals on February 26, 2016 that invited NGOs to participate in mechanisms and strategies to enhance transparency and fight corruption in federal and state public programs. Participants had to submit their proposal by March 22, 2016 and the selection criteria considered the most innovative and cost-effective concepts. Around 36 proposals were received; four of them were selected for funding on August 8, 2016 and were formally approved by USAID on September 23, 2016:
 - *Central de Desarrollo de la Ciudadanía y del Consumidor A.C.*: Will create an electronic platform to assess and rank at a state level public works acquisition. The platform will include: (1) an index that compares the quality of public works legal frameworks for all

32 Mexican states and (2) a methodology to compare prices of inputs required for public works projects.

- *Mexico Evalúa*: Research will focus on two major public works projects: (1) Mexico City's New Airport (NAICM) and (2) Toluca-DF train. Mexico Evalúa will update information about transparency and accountability in the public procurement process of the projects and generate greater awareness within society stakeholders.
- *Data Cívica*: Will work in collaboration with the CIDE to create a technical course for journalists focused on statistics, data analysis and presentation, and programming skills. They will also organize a series of workshops for university students to introduce them to open data concepts.
- *Inteligencia Pública*: Will educate children and young adults about fundamental corruption and transparency concepts through multiple digital platforms, such as YouTube and social media.

5. Contracting implementing partners: July – September 2016. Following USAID approval of the Option Period work plan and the finalization of corresponding SOWs, MEPP identified, selected and contracted resources to carry out selected activities. The contracting process included: (a) hiring a full time computer programmer and a full-time contracts administrator; (b) contracting two consortium partners (IMCO and C230) to work on public works and the INADEM anti-corruption platform respectively; (c) contracting a software development firm to promote online transparency at the Ministry of Finance and the Federal Audit Office, (d) drafting agreements with selected grantees; (e) hiring two independent consultants to work on the Pemex code of conduct project.

FOURTH QUARTERLY REPORT FY 2016

OVERVIEW OF THE OPTION YEARS PROGRAM

During its first three years (Base Period) the Mexico Economic Policy Program (MEPP) carried out technical assistance to improve productivity, business regulation, competition, access to capital, commercial transactions and to increase access to information through the development of software applications. Many of these activities focused directly on improving transparency and strengthening the integrity of public sector actions. The base period ended on April 19, 2016.

MEPP's two-year option period began on April 20, 2016. As outlined in the new Work Plan, which was approved in June 2016, the program will focus on the adoption and effective implementation of mechanisms that (1) improve the accountability and transparency of government contracts (and spending) for goods, services and public works, and (2) provide citizens and businesses with information that reveals—and therefore discourages—corrupt and discretionary government practices.

The Option Period identifies three principal objectives:



(1) Adoption of open government information standards and practices:

Combining technology with civic engagement to promote: more transparent institutions and governmental accountability, availability of data that citizens can analyze in novel ways, and the detection and prevention of corruption.



(2) Local government regulatory transparency and integrity for businesses:

Development of a transparency benchmark for local governments regarding information on business regulations, rules and documentary requirements. (e.g., licensing and fees, permits, and inspections), as well as creation of an electronic platform that enables businesses to report cases of corruption.



(3) Public procurement reform:

Procedural guidelines on procurement good practices, citizen monitoring of high profile public works projects, development and replication of an open contracting electronic platform, reform of federal government's main procurement portal.

The premise of our work is that large-scale and sustainable adoption of open government depends on the capacity and actions of three groups of stakeholders: (1) **Public sector actors**, including federal, state and municipal officials; (2) **Civil society**, including NGOs, journalists, independent researchers and academic experts; and (3) **Business community**, including private sector associations and owners of enterprises. While governments may legitimately decide what kind of information promotes the public interest, citizens themselves must have a voice in identifying and demanding access to information needed to hold government decision-makers accountable.

TECHNICAL PROGRESS TOWARD POLICY OUTCOMES AT THE BEGINNING OF THE OPTION PERIOD

This section presents activities undertaken during the project's fourth quarter (July-September 2016). **Annex C** provides the table *Monitoring and Evaluation Matrix for the Option Period* which presents indicators and targets for the Option Period. Indicators are defined in **Annex D**, including both standard USAID indicators and custom open government and data analytics indicators. In general, MEPP will measure open data and public integrity achievements through three sets of indicators: (1) Standard USAID indicators related to accountability in public resources and capacity-building, (2) Open Government indicators that focus on substantive changes in institutional governance, and (3) Data Analytics indicators that evaluate the effectiveness of electronic tools.



Open Government

a. Institutional Reforms

Open Government at Local Level

On September 7, MEPP staff met with an IT manager at the Office of the President to review progress on a digital version of the Open Contracting Data Standard (OCDS). The Office of the President has produced the electronic tool using content from the Open Contracting Partnership (OCP). MEPP staff also reviewed an operational open contracting platform recently launched by the Mexico City (CDMX) government, based on the same standard. MEPP then developed an internal scope of work to create and disseminate an open-source platform that local governments can adopt at low cost. The scope of work includes creation of a transparency standard, identification of legal and regulatory changes that local governments must adopt in order to use and report digital contracting information, as well technical assistance to replicate the existing open contracting platform in other local governments.

COFECE educational material on transparency and competition

On August 24, an [animated video](#) on transparency and competition developed with MEPP support launched on the YouTube and Facebook channel of the Federal Commission for Economic Competition's (COFECE). By the end of September 2016 the video had been played over 800,000 times. It explains what anti-competitive practices are, why they are illegal, and how to report them through the COFECE website. The video's audience is businesses, and it focuses on tenders for public works and the need for transparent processes.

Also in August, COFECE launched a unique application --- created with MEPP support --- that promotes awareness about competition among schoolchildren. The app presents the interactive game "*Pan Rico en Pueblo Nuevo*" (Delicious Bread in New Town), which follows the story of Daniel, who moves to "Pueblo Nuevo" and discovers only one bakery. He is disappointed with the shop's irregular hours, poor quality and high prices. As the narrative proceeds, the app explains how monopolies hurt consumers and allows young users to experience (and even spur) better consumer welfare through greater competition. The app will be incorporated into Ministry of Education (SEP) tablets as an educational tool and will be available on [iOS](#) and [Android](#) devices.



Business Regulation

a. INADEM Platform

Fighting local level corruption against small business

During the quarter the MEPP team collaborated with the National Entrepreneurship Institute (INADEM) Office of Small Business Defense to design and build an electronic platform that business can use to report instances of corruption. MEPP organized several focus groups with business owners and business association members to evaluate the corruption-reporting electronic platform that MEPP created for INADEM. These groups included:

- 1) In July, 58 people from the Association of Mexican Entrepreneurs (ASEM), the National Chamber of the Restaurant Industry (CANIRAC), and the Mexican Business Confederation (COPARMEX) participated.
- 2) In August, 12 business owners from the State of Mexico reported routine encounters with corrupt practices and evaluated the design and content of the electronic tool. MEPP and INADEM carried out another platform usability test with approximately 30 participants at a major hospitality industry event sponsored by the business associations Abastur and Canirac. The MEPP team used electronic tablets pre-loaded with platform software and provided technical assistance to participants willing to test it. Data from these sessions helped MEPP and INADEM better understand capacity-building needs of likely users and develop training practices accordingly. These tests also enabled the platform with data about real world experiences.

In September the MEPP team and INADEM finalized the content and design of the corruption reporting electronic platform for small business. MEPP and INADEM staff began using the beta version to test user experience and collect initial reports. By the end of the month *Map of Corruption* ([Mapa de Corrupción](#)) had collected about 150 validated reports, most from the services industry. A formal launch of the platform was planned for October 6 during the National Entrepreneurship Week forum in Mexico City.

Public Procurement Reform

a. Best Practices

Pemex reform

On July 5, the Chief of Party formally presented MEPP's technical assistance proposal to the Pemex Chief Counsel Jorge Kim and his team. The proposal has three main components: (1) creation and implementation of an ethical code of conduct for executives and managers, including explicit rules and sanctions for violations; (2) reform of the procurement process, including bidding rules and criteria, evaluation, selection and contracting; and (3) an internal communications and capacity-building campaign to disseminate knowledge about ethics and procurement reforms among Pemex leadership. On July 12, the COP gave a follow-up presentation on proposed technical assistance to the three operational leaders within Pemex who will collaborate on the project: the Director of Administrative Services, the Director of Supply and Procurement, and the Unit Chief for Responsibility in Pemex (this position is located within the Ministry of Public Administration). All three officials expressed strong support for MEPP technical assistance.

On August 17, MEPP staff met with the Chief of Staff of the Chief Counsel of Pemex to finalize the content of five sets of deliverables that will constitute MEPP's technical assistance program over the next year. MEPP wrote scopes of work for each set of deliverables and a professional profile of the actors who will carry them out. Potential participants will be interviewed and approved by the corresponding Pemex staff. These activities include:

1. *International Practices on Ethics and Compliance Procedures for Personnel*
 - a. Abt Associates technical staff
 - b. International consultant with extensive legal experience in corporate compliance
2. *Internal Review of Pemex Compliance Norms and Procedures*
 - a. Mexican consulting firm or research organization with experience in organizational dynamics
 - b. Abt Associates technical staff
3. *Analysis of Recent Legislation Related to Pemex Responsibilities*
 - a. Mexican lawyer with expertise in corporate responsibilities under national laws and experience in the energy sector

4. *International Best Practice on Bidding and Contracting Process*
 - a. Mexican consultant with strong knowledge of organizational procurement processes
 - b. Abt Associates technical staff
5. *Capacity-Building and Institutional Awareness*
 - a. Abt Associates communication specialist

After MEPP's technical staff published the call for proposals and invited consultants with technical expertise, Pemex staff elected and interviewed potential participants:

- *International best practices in corporate codes of conduct*: Pemex staff interviewed consultant candidate Kristin Brown on September 26.
- *Legislative analysis of energy reform and anti-corruption system*: Pemex staff interviewed consultant candidate Miriam Grunstein on September 21.
- *Internal review of Pemex code of conduct and staff mapping*: Pemex provided comments on a proposal submitted by Aaron Silva y Asociados. Interview will be held during the first weeks of October.
- *Procurement best practices*: Deadline to receive proposals is October 5.

b. Electronic Tools

Federal procurement reform

On July 8, MEPP's COP and COR, accompanied by IMCO's head of open government, met with Ministry of Public Administration (SFP) Chief Counsel Jorge Pulido and Auditing Unit Chief Alejandro Luna to define MEPP technical assistance for the re-design of Compranet, the federal government's electronic public contracting platform. The meeting generated an agreement for MEPP to carry out a diagnostic of the existing system. MEPP will also use findings from that evaluation to recommend ways to make the system easier to use for potential providers, and improve the quality of data generated by the system for governmental and academic researchers. As part of that effort, SFP committed to providing MEPP researchers with access to key internal documents and facilitate interviews with managers. Less than two weeks after the meeting, Secretary of Public Administration Virgilio Andrade submitted his resignation. Following the resignation, in August and September MEPP and SFP staff moved ahead with the research. On October 27, the Senate Commission on Anti-Corruption and Citizen Participation ratified Arely Gómez González as Secretary of SFP.

UPCOMING ACTIVITIES

In the first quarter of FY 2017 (October – December 2016) MEPP will carry out the following activities:

- Mexico City, October 6. During the *National Week of the Entrepreneur*, the Secretary of Economy Ildefonso Guajardo, INADEM President Enrique Jacob and United States Ambassador Roberta Jacobson will present the launch of a first-of-its-kind corruption reporting platform being built with MEPP support.
- Mexico City, November 25. During the CDMX Digital Summit, MEPP staff will facilitate a capacity-building workshop on open contracting for 40 civil servants and university students. The workshop will be carried out by MEPP grantee Data Civica.

CONCLUSION

The fourth quarter of FY 2016 presented the Mexico Economic Policy Program with an unprecedented challenge. As USAID had approved the Option Period Work Plan just two weeks before the beginning of the quarter, MEPP focused its efforts during this period on designing and implementing a completely new technical assistance program. Over 90 days MEPP successfully:

- Established a constructive, operational relationship with new government counterparts, including the Office of Small Business Protection (INADEM), the Ministry of Public

Administration (SFP) the Transparency Unit of the Ministry of Finance (SHCP), *Petroleos Mexicanos* (Pemex) and the Federal Commission for Regulatory Improvement (Cofemer).

- Produced and obtained counterpart approval for a detailed, five-part scope of work for three core Pemex units: the Office of the Chief Counsel, the Office of Responsibility and the procurement unit. This intensive consultative process resulted in the first partnership ever between a USAID program and a GOM productive enterprise.
- Launched and completed development of our first Option Period deliverable: a fully operational electronic platform for small businesses to report instances of public sector corruption.
- Carried out a competitive process for selecting grantees and selected five awardees.
- Contracted staff and partner organizations that will carry out technical assistance.
- Drafted and completed a 100+ page Final Report on the MEPP Base Period.

As the first quarter of FY 2017 begins, MEPP is well-positioned to achieve significant impact through innovative activities that promote public sector transparency and reduce governmental corruption. With almost 18 months remaining during the relatively brief Option Period, we have solidified excellent relations with Mexico's most important institutions promoting accountability. We have also defined in detail the deliverables for which the Program is responsible as well as outcomes for which the government is responsible.

ANNEX A: MONITOR AND EVALUATION MATRIX FOR BASE PERIOD

	Cumulative Indicator Achievement				
	LP1 ¹		LP2 ²	LP3 ³	
Outcome 1 - Private Sector Development	Endorsed	Adopted	Adopted	Men	Women
1. Local government SME support					
a. FONDESO Electronic Tools		1	2		
1. Risk assessment					
2. Referral website					
b. Rules of operation	1	1			
c. CDMX geo-reference electronic platform					
d. Atrévete a Emprender-Youth Entrepreneurship	1	1		591	349
2. Federal government SME impact					
a. INADEM Evaluation manual / guidelines			1		
b. Re-design rules of operation and impact evaluation	1	1			
c. Economic Development Agency (includes entrepreneurship mapping)	1				
d. Innovation programs criteria – CONACYT	1	1		39	30
3. Public sector promotes productivity					
a. Aligning public policy programs to productivity			1	132	74
b. MUSEIC			1		
c. Value chains					
1. VC policy reforms	2	1	1	41	8
2. Textile platform					
3. Energy sector supplier program					
d. PPPs for innovation					
1. Jalisco portfolio	2	1			
2. FONDESO clean energy accelerator					
4. Local economic reactivation					
a. SME cost reduction strategies					
b. Economic reactivation of marginalized areas					
1. Monterrey cluster	2	1			
2. SEGOB policy					
Outcome 2 - Business procedures					
5. Streamlining procedures					
a. Empresa al instante	1	1			
b. Local regulations – MiNegocio			1	27	13

¹ Legacy Program 1 (LP1): Number of new or modified laws, regulations, programs, rules of operation, or open data mechanisms affecting Mexico's economic competitiveness endorsed or implemented by Mexico government agency

² Legacy Program 2 (LP2): Number of mechanisms adopted to improve institutional capacity of a government in Mexico or subnational government agency

³ Legacy Program 3 (LP3): Number of individuals -from GOM, subnational governments, or the private sector- trained to improve economic governance

<i>c. Public notary reform</i>					
<i>d. Morelos property rights</i>	1				
6. High impact entrepreneurship					
<i>a. Obstacles to high impact SMEs</i>	1				
<i>b. Patenting centers network</i>					
Outcome 3 – Competition					
7. Procurement reform and innovation					
<i>a. Public works toolkit</i>				14	8
<i>b. ICT goods & services</i>					
<i>1. Digital procurement for Retos Publicos</i>	1	1			
<i>2. Technology enablers</i>					
<i>c. IMSS pricing analysis</i>			1		
<i>d. Transparency and efficiency in CDMX Airport</i>			1	292	178
8. Regulatory capacity					
<i>a. COFECE strategy (includes investigation unit)</i>			1	133	82
<i>b. Finance sector analysis</i>	1	1			
<i>c. State sectorial analysis</i>	1				
<i>d. Judicial/regulator diplomado</i>			1	32	22
<i>e. Competition Alliance</i>			1	503	298
<i>f. Liquid fuel retail</i>	1	1			
Outcome 4 - Business Financing					
9. Innovative financing for SMEs					
<i>a. Equity investment</i>					
<i>1. Stock market inclusion</i>	1				
<i>2. Expat Investment Fund</i>					
<i>3. Loan guarantee mechanism</i>					
<i>b. CDMX Seed capital fund</i>	1	1			
Outcome 5 - Commercial Transactions					
10. Secured transactions					
<i>a. Operationalizing guarantees</i>			1		
<i>b. Liquidation and recovery of struggling businesses</i>					
11. Financial inclusion					
<i>a. Increasing electronic transactions</i>					
<i>b. Harmonizing US and Mexican credit bureaus</i>					
Outcome 6 - Digital Government and Open Data					
12. Open data ecosystem					
<i>a. Red México Abierto</i>				415	227
TOTAL	20	14	13	2236	1304
APPLICATIONS (Cross-Cutting indicator)	6				

ANNEX B: LPI IMPACT MATRIX FOR BASE YEARS PERIOD

Activities	Proposals Adopted	Evidence	Impact
1a. FONDES0 Electronic Tools 1. Risk assessment 2. Referral website	2	1. Change in rules of operation establishing financial products according to an evaluation process by FONDES0's corresponding areas. 2. Referral website: http://emprendecdmx.gob.mx/	- Improvement in beneficiary selection process minimizing risk and maximizing resources allocation - SMEs located in Mexico City find program options that help them grow according to its company characteristics
1b. FONDES0 Rules of operation	1	- Change in rules of operation: fund's beneficiary selection process based on enterprise type and maturity, consolidated selection committee to streamline process	- Improved fund efficiency in resource allocation through better selection and evaluation process - SMEs with growth potential development are selected for funding
1d. Atrévete a Emprender-Youth Entrepreneurship	1	- Atrévete a Emprender website: http://www.atreveteaemprender.mx/ - Mexico City's government program's institutionalization: media coverage	- Capacity-building and greater awareness about entrepreneurship for university students - Promotion of innovative projects
2b. INADEM Re-design rules of operation and project evaluation	1	- Change in FNE (National Entrepreneur Fund) rules of operation: greater coherence and strategic focus for objectives, target population, evaluation	- Better project evaluation and allocation process target more productive SMEs located in strategic sectors
2d. CONACYT Innovation programs criteria	1	- Change in PEI (Stimulus for Innovation Program) evaluation process and selection for support	- Selection process to focus more on commercial potential of applicants
3c. ProMexico textile VC platform	1	- ProMexico Website: http://mexusbusinessfashion.promexico.gob.mx/	- Small local suppliers have opportunity to sell to big international manufacturers
3d. CDMX Cleantech PPP	1	- FONDES0 and GreenMomentum agree to Temporary Administrative Permit (PATR) for private operations in government building	- Innovative solutions for Mexico City sustainability by supporting cutting edge cleantech companies
4b. SEGOB Economic Reactivation Policy	1	- Implementation manual for local governments to promote at-risk youth employment - Proposal on Income Tax Law reform	- Improved employability of young individuals in vulnerable situations
5a. Empresa al instante	1	- Legislative adoption of " <i>Sociedad de Accion Simplificada</i> " --- definition of low risk business drawn from MEPP proposal	- Low-risk businesses can start operation immediately and comply with routine administrative obligations later
7c. IMSS pricing analysis	1	- IMSS Administration unit explicitly adopts user manual and training materials for staff use of tool.	- IMSS admin unit adopts use of price analysis tool to track bidding outcomes.
8b. COFECE Finance sector analysis	1	- COFECE recommendation adopted by INFONAVIT and Banco de Mexico	- Improved competition in banking sector as result of regulatory changes proposed through MEPP technical assistance
8f. CRE Liquid fuel retail	1	- CRE adopts proposed regulatory measures to promote market in gasoline retail	- Greater competition and lower prices for gas and diesel.
9b. CDMX Seed capital fund	1	- FONDES0 signs agreement with NAFIN and the Ministry of Economy to create seed capital fund for Mexico City-based entrepreneurs	- Financial resources and technical assistance for high impact and innovative SMEs in Mexico City (including Atrévete a Emprender finalists)
TOTAL	14		

ANNEX C: MONITOR AND EVALUATION MATRIX FOR OPTION PERIOD

Activity	USAID Indicators Target Achieved				OG Indicators Target Achieved			DA Indicators	
	F1	F2	F3	F4	OG1	OG2	OG3	DA1	DA2
A. Open Government									
<i>A.1 Information standards</i>			200		15				
<i>A.2 Institutional reforms</i>						10			
<i>A.3 ASF platform</i>			150					Y2	
B. Business Regulation									
<i>B.1 INADEM platform</i>								Y2	Y2
<i>B.2 INADEM institutional design</i>			25						Y2
C. Public Procurement Reform									
<i>C.1 Implementing best practices</i>									
<i>C.1.1 Guidelines</i>	5		50					Y2	
<i>C.1.2 CIOP- Project monitoring</i>	2	50							
<i>C.1.3 PEMEX Bidding</i>	1		20						
<i>C.2 Electronic tools</i>									
<i>C.2.1 Compranet redesign</i>							5		
<i>C.2.2 SHCP budget portal</i>		50					5	Y2	Y2
<i>C.2.3 Government trust funds</i>	1	50						Y2	
<i>C.2.4 Public Works State Index</i>	1							Y2	
Total	10	150	445		15	10	10		

ANNEX D: MEPP OPTION PERIOD INDICATORS

Indicator	Definition
F1	Number of mechanisms for external oversight of public resource use supported by USG assistance
F2	Number of people affiliated with Non-governmental organizations receiving USG-supported anti-corruption training
F3	Number of government officials receiving USG-supported anti-corruption training
F4	Number of CSOs that are engaged in advocacy interventions receiving USG assistance
OG1	Number of local governments that provide usable data sets that comply with information standards
OG2	Number of local governments that adopt institutional accountability mechanisms related to transparency or public sector integrity in business regulation or procurement
OG3	Number of substantive changes that promote transparency or public sector integrity endorsed for existing governmental websites or portals
DA1	Portal utilization as quantified by number of visits registered on electronic platform
DA2	Effectiveness of interactive platforms as quantified by percentage of complaints that receive a case-specific response